

Appendix 1
Reporting period:

1.1.2017

to

31.12.2017

Annual financial report of entrepreneur - GFI-POD

Registration number (MB) **03166619**

Identification number of subject (MBS) **040008080**

Personal identification number (OIB) **15573308024**

Issuer company: **LIBURNIA RIVIERA HOTELI d.d. OPATIJA**

Postal code and place **51410** **OPATIJA**

Street and number **MARŠALA TITA 198**

E-mail address: **remisens@remisens**

Internet address: **www.remisens.com**

Code and name of comune/town **302**

Code and county name **8 PRIMORSKO GORANSKA** Number of employees **548**

(at quarter end)

Consolidated statement **NO** NKD/NWC code: **5510**

Subsidiaries subject to consolidation (according to IFRS):

Registration number:

Subsidiaries subject to consolidation (according to IFRS):	Registration number:

Book keeping service:

Contact person: **Kamenar Biserka**
(authorised person for representation)

Phone number: **051 710-395** Fascimile: **051 710-404**

E-mail address: **biserka.kamenar@remisens.com**

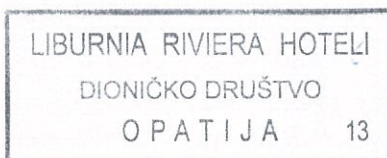
Surname and name **Šehanović Igor**
(authorised person for representation)

Disclosure documents:

1. Audited annual financial statements
2. Report of the Management Board on position of the Company
3. Statement of responsible persons for preparation of financial statements
4. The decision of the competent authority (the proposal) about the development of the annual financial statements
5. Decision on the allocation of profits or covering of loss

M.P.

(signed by authorised person for representation)



BALANCE SHEET
as at 31.12.2017.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item 1	AOP code 2	Last year (net) 3	Current year (net) 4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) LONG-TERM ASSETS (003+010+020+029+033)	002	866.004.574	852.449.421
I. INTANGIBLE ASSETS (004 to 009)	003	815.442	477.473
1. Assets development	004	350.824	185.330
2. Concessions, patents, licences fees, trade and service marks, software and other rights	005	464.618	292.143
3. Goodwill	006		
4. Prepayments for purchase of intangible assets	007		
5. Intangible assets in preparation	008		
6. Other intangible assets	009		
II. TANGIBLE ASSETS (011 to 019)	010	863.285.263	850.068.079
1. Land	011	108.949.320	100.877.840
2. Buildings	012	612.568.336	609.017.493
3. Plant and equipment	013	15.180.889	14.554.918
4. Tools, facility inventory and transport assets	014	87.328.908	97.867.826
5. Biological assets	015		
6. Prepayments for tangible assets	016	8.319.148	9.008.415
7. Tangible assets in progress	017	27.380.095	15.236.020
8. Other tangible assets	018	3.558.567	3.505.567
9. Investments in buildings	019		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	500.000	500.000
1. Investments (shares) with related parties	021	500.000	500.000
2. Loans given to related parties	022		
3. Participating interest (shares)	023		
4. Loans to entrepreneurs in whom the entity holds participating interests	024		
5. Investments in securities	025		
6. Loans, deposits and similar assets	026		
7. Other long - term financial assets	027		
8. Investments accounted by equity method	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables from based on trade loans	031		
3. Other receivables	032		
V. DEFERRED TAX ASSETS	033	1.403.869	1.403.869
C) SHORT TERM ASSETS (035+043+050+058)	034	84.389.132	54.282.292
I. INVENTORIES (036 to 042)	035	3.160.994	2.961.561
1. Raw-material and supplies	036	2.519.217	2.231.988
2. Work in progress	037		
3. Finished goods	038		
4. Merchandise	039	326.467	310.457
5. Prepayments for inventories	040	315.310	419.116
6. Long - term assets held for sales	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	12.837.958	7.542.482
1. Receivables from related parties	044		
2. Accounts receivable	045	10.009.562	6.839.647
3. Receivables from participating parties	046		
4. Receivables from employees and members of related parties	047	138.816	154.443
5. Receivables from government and other institutions	048	2.689.580	548.392
6. Other receivables	049		
III. SHORT TERM FINANCIAL ASSETS (051 to 057)	050	6.001.842	15.800
1. Shares (stocks) in related parties	051		
2. Loans given to related parties	052		
3. Participating interests (shares)	053		
4. Loans to entrepreneurs in whom the entity holds participating interests	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	5.986.042	
7. Other financial assets	057	15.800	15.800
IV. CASH AT BANK AND IN CASHIER	058	62.388.338	43.762.449
D) PREPAID EXPENSES AND ACCRUED REVENUE	059	282.786	541.596
E) TOTAL ASSETS (001+002+034+059)	060	950.676.492	907.273.309
F) OFF-BALANCE RECORDS	061	4.452.613	4.452.613

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA

Item 1	AOP code 2	Last year (net) 3	Current year (net) 4
LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	755.574.946	771.931.860
I. SUBSCRIBED CAPITAL	063	696.074.300	696.074.300
II. CAPITAL RESERVES	064		
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	46.529.648	46.529.648
1. Reserves prescribed by law	066	45.018.765	45.018.765
2. Reserves for treasury shares	067		
3. Treasury stocks and shares (deduction)	068		
4. Statutory reserves	069		
5. Other reserves	070	1.510.883	1.510.883
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	81.668	12.970.998
1. Retained earnings	073	81.668	12.970.998
2. Accumulated loss	074		
VI. PROFIT/LOSS FOR THE CURRENT YEAR (076-077)	075	12.889.330	16.356.914
1. Profit for the current year	076	12.889.330	16.356.914
2. Loss for the current year	077		
IX. MINORITY INTERESTS	078		
B) PROVISIONS (080 to 082)	079	16.712.499	6.877.999
1. Provisions for pensions, severance pay, and similar liabilities	080	2.701.683	2.554.442
2. Reserves for tax liabilities	081		
3. Other reserves	082	14.010.816	4.323.557
C) LONG - TERM LIABILITIES (084 to 092)	083	89.174.011	69.424.980
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	89.174.011	69.424.980
4. Liabilities for received prepayments	087		
5. Accounts payable	088		
6. Liabilities arising from debt securities	089		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091		
9. Deferred tax liability	092		
D) SHORT - TERM LIABILITIES (094 to 105)	093	88.916.829	58.596.029
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits etc.	095		
3. Liabilities to banks and other financial institutions	096	57.168.781	22.166.676
4. Liabilities for received prepayments	097	7.644.277	8.556.814
5. Accounts payable	098	11.930.862	12.525.927
6. Liabilities arising from debt securities	099		
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	6.167.048	7.690.722
9. Liabilities for taxes, contributions and similar fees	102	1.868.011	4.015.215
10. Liabilities to share - holders	103		
11. Liabilities for long-term assets held for sale	104		
12. Other short - term liabilities	105	4.137.850	3.640.675
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO	106	298.207	442.441
F) TOTAL – CAPITAL AND LIABILITIES (062+079+083+093+106)	107	950.676.492	907.273.309
G) OFF-BALANCE RECORDS	108	4.452.613	4.452.613
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	0	0
2. Attributed to minority interest	110		

PROFIT AND LOSS ACCOUNT
for the period 01.01.2017. to 31.12.2017.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA				
Item	AOP code	Last year	Current year	
1	2	3	4	
I. OPERATING REVENUE (112+113)	111	291.617.345	321.155.057	
1. Sales revenue	112	264.807.719	297.739.119	
2. Other operating revenues	113	26.809.626	23.415.938	
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	269.693.980	297.903.592	
1. Changes in value of work in progress and finished products	115			
2. Material costs (117 to 119)	116	66.347.768	70.987.854	
a) Raw material and material costs	117	27.796.185	30.405.743	
b) Costs of goods sold	118	382.180	442.259	
c) Other external costs	119	38.169.403	40.139.852	
3. Staff costs (121 to 123)	120	66.624.257	71.670.905	
a) Net salaries and wages	121	40.699.868	44.546.483	
b) Cost for taxes and contributions from salaries	122	15.958.894	16.476.097	
c) Contributions on gross salaries	123	9.965.495	10.648.325	
4. Depreciation	124	98.420.160	98.354.977	
5. Other costs	125	36.895.111	40.689.870	
6. Impairment (127+128)	126	1.183.651	14.127.401	
a) Impairment of long-term assets (financial assets excluded)	127	1.019.494	12.842.481	
b) Impairment of short - term assets (financial assets excluded)	128	164.157	1.284.920	
7. Provisions	129	223.033	2.072.585	
8. Other operating costs	130			
III. FINANCIAL INCOME (132 to 136)	131	3.338.168	2.247.430	
1. Interest income, foreign exchange gains, dividends and similar income from related	132			
2. Interest income, foreign exchange gains, dividends and similar income from non -	133	3.338.168	2.247.430	
3. Share in income from affiliated entrepreneurs and participating interests	134			
4. Unrealized gains (income) from financial assets	135			
5. Other financial income	136			
IV. FINANCIAL EXPENSES (138 do 141)	137	8.266.001	5.899.375	
1. Interest expenses, foreign exchange losses, dividends and similar expenses from	138			
2. Interest expenses, foreign exchange losses, dividends and similar expenses from non -	139	8.266.001	5.899.375	
3. Unrealized losses (expenses) on financial assets	140			
4. Other financial expenses	141			
V. INCOME FROM INVESTMENT - SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142			
VI. LOSS FROM INVESTMENT - SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143			
VII. EXTRAORDINARY - OTHER INCOME	144			
VIII. EXTRAORDINARY - OTHER EXPENSES	145			
IX. TOTAL INCOME (111+131+142 + 144)	146	294.955.513	323.402.487	
X. TOTAL EXPENSES (114+137+143 + 145)	147	277.959.981	303.802.967	
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	16.995.532	19.599.520	
1. Profit before taxation (146-147)	149	16.995.532	19.599.520	
2. Loss before taxation (147-146)	150	0	0	
XII. PROFIT TAX	151	4.106.202	3.242.606	
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	12.889.330	16.356.914	
1. Profit for the period (149-151)	153	12.889.330	16.356.914	
2. Loss for the period (151-148)	154	0	0	
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated financial report)				
XIV. PROFIT OR LOSS FOR THE PERIOD				
1. Attributed to equity holders of parent company	155			
2. Attributed to minority interest	156			
STATEMENT OF OTHER COMPREHENSIVE INCOME (IFRS)				
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	12.889.330	16.356.914	
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 do 165)	158		0	
1. Exchange differences on translation of foreign operations	159			
2. Movements in revaluation reserves of long - term tangible and intangible assets	160			
3. Profit or loss from reevaluation of financial assets available for sale	161			
4. Gains or losses on efficient cash flow hedging	162			
5. Gains or losses on efficient hedge of a net investment in foreign countries	163			
6. Share in other comprehensive income / loss of associated companies	164			
7. Actuarial gains / losses on defined benefit plans	165			
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166			
IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (158-166)	167	0	0	
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	12.889.330	16.356.914	
APPENDIX to Statement of other comprehensive income (to be filled in by entrepreneur that prepares consolidated financial				
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD				
1. Attributed to equity holders of parent company	169			
2. Attributed to minority interest	170			

STATEMENT OF CASH FLOWS - INDIRECT METHOD
for the period 01.01.2017. to 31.12.2017.

Obligator: LIBURNIA RIVIERA HOTELI d.d. OPATIJA			
Item 1	AOP code 2	Last year 3	Current year 4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	16.995.532	19.599.520
2. Depreciation	002	98.420.160	98.354.977
3. Increase in short term liabilities	003		4.564.806
4. Decrease in short term receivables	004		7.380.704
5. Decrease in inventories	005		199.433
6. Other increase in cash flow	006		6.980.000
I. Total increase in cash flow from operating activities (001 to 006)	007	115.415.692	137.079.440
1. Decrease in short term liabilities	008	7.122.561	
2. Increase in short term receivables	009	1.987.866	
3. Increase in inventories	010	668.379	
4. Other decrease in cash flow	011	12.102.371	7.202.634
II. Total decrease in cash flow from operating activities (008 to 011)	012	21.881.177	7.202.634
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES (007-	013	93.534.515	129.876.806
A2) NET DECREASE IN IN CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash inflows from sales of long-term tangible and intangible assets	015	11.731.223	246.533
2. Cash inflows from sales of equity and debt instruments	016		
3. Interests receipts	017	1.240.453	421.313
4. Dividend receipts	018		
5. Other cash inflows from investing activities	019		
III. Total cash inflows from investing activities (015 to 019)	020	12.971.676	667.846
1. Cash outflow for purchase of long-term tangible and intangible assets	021	106.911.826	102.991.418
2. Cash outflow for acquisition of equity and debt financial instruments	022		
3. Other cash outflow for investing activities	023		
IV. Total cash outflow for investing activities (021 do 023)	024	106.911.826	102.991.418
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-	025	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-	026	93.940.150	102.323.572
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issuing property and debt financial instruments	027		
2. Proceeds from the credit principal, promissory notes, borrowings and other loans	028		5.896.159
3. Other proceeds from financial activities	029		
V. Total cash inflows from financial activities (027 to 029)	030	0	5.896.159
1. Cash outflow for repayment of credit principal and bonds	031	19.721.019	52.075.282
2. Cash outflow for dividends paid	032		
3. Cash outflow for financial lease	033		
4. Cash outflow for purchase of treasury shares	034		
5. Other cash outflow for financial activities	035		
VI. Total cash outflow for financial activities (031 to 035)	036	19.721.019	52.075.282
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-	037	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-	038	19.721.019	46.179.123
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	040	20.126.654	18.625.889
Cash and cash equivalents at the beginning of the period	041	82.514.992	62.388.338
Increase of cash and cash equivalents	042	0	0
Decrease of cash and cash equivalents	043	20.126.654	18.625.889
Cash and cash equivalents at the end of the period	044	62.388.338	43.762.449

STATEMENT OF CHANGES IN EQUITY
for the period 1.1.2017 do 31.12.2017

Item 1	AOP code 2	Last year 3	Current year 4
1. Subscribed capital	001	696.074.300	696.074.300
2. Capital reserves	002		
3. Reserves from profit	003	45.018.765	45.018.765
4. Retained earnings or accumulated loss	004	81.668	12.970.998
5. Profit or loss for the current year	005	12.889.330	16.356.914
6. Revaluation of long - term tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluation	009	1.510.883	1.510.883
10. Total capital and reserves (AOP 001 do 009)	010	755.574.946	771.931.860
11. Currency gains and losses arising from net investment in foreign operations	011		
12. Current and deferred taxes (part)	012		
13. Cash flow hedging	013		
14. Changes in accounting policy	014		
15. Correction of significant errors in prior period	015		
16. Other changes of capital	016		
17. Total increase or decrease in capital (AOP 011 do 016)	017	0	0
17 a. Attributed to equity holders of parent company	018		
17 b. Attributed to minority interest	019		

Management Board Report on the state of Liburnia Riviera Hoteli d.d. for the year 2017

The operating results of Liburnia Riviera Hoteli d.d. for the year 2017 show that the Company is achieving its primary objectives.

In 2017, the Company had c. 9% more overnight stays compared to the same period of 2016. Its operating income, which also includes extraordinary income (from the attached unaudited report), increased by c. 10% compared to the same period last year. The operating income category, which according to the USALI report includes revenues from accommodation, board and extra food and beverages, sports, and other operating income (that is, without extraordinary income) increased by 12% compared to the last year, while GOP (gross operating profit), according to the USALI report, increased by 19% compared to the last year (this year's amount was 139.9 million kn while the last year's was 117.7 million kn).

In 2017, according to the USALI report, the difference between extraordinary income and expense was negative to the amount of c. -6.2 million kn, while for the same period last year, net extraordinary income amounted to c. 14.0 million kn (in May 2016, a plot of land was sold in Lovran. The price of the property was 13.5 million kn, and its book value was 1.9 million kn). In 2017, the largest part of extraordinary income in the total amount of c. 15.0 million kn refers to the release of long-term reserves (related to the Hotel Mediteran real estate) in the amount of c. 11.5 million kn. Extraordinary expenses were booked to the amount of c. 21.3 million kn, the largest part of which refers to the write-off the book value of the hotel and dependence Belvedere in the amount of 11.4 million kn, compensation for damages to legal and natural persons in the amount of c. 4.6 million kn, and reservations for severance indemnities and court disputes in the amount of c. 2.1 million kn.

In 2017, Liburnia Riviera Hoteli d.d. (according to unaudited report) had profit before taxes in the amount of c. 19,6 million kn, which is an increase of 2,6 million kn compared to the 2016 profit of c. 17.0 million kn. In 2017, the income tax liability was 3.2 million kn.

In the observed period of this year, according to the USALI report, the total financial result – EBITDA (gross profit + amortisation + interest) was 122.8 million kn, while in the last year the financial result was 122.3 million kn.

The liquidity and solvency ratios and debt to equity and cash flow ratios are strong.

Chairman of the Management Board

Dr. Sc. Igor Šehanović

LIBURNIA RIVIERA HOTELI

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Opatija, 12/02/2018

Statement of persons responsible for the preparation of the reports

Pursuant to Article 407 Paragraph 2 of the Capital Market Act (Official Gazette Nos. 88/08 and 146/08), I declare that to the best of our knowledge the financial reports of the company LIBURNIA RIVIERA HOTELI d.d. Opatija have been prepared in accordance with International Financial Reporting Standards and the Croatian Accounting Act and that they provide a true and fair view of the assets and liabilities, profit and loss and financial operations of the Company for the period from 1 January to 31 December 2017.

Ph.D. Igor Šehanović,
Chairman of the Management Board

